United Development Company Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED DEVELOPMENT COMPANY Q.P.S.C.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of United Development Company Q.P.S.C. (the "Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED DEVELOPMENT COMPANY Q.P.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

a) Valuation of Investment Property

This area is a key audit matter due to the size of the investment property carried at fair value, representing approximately 47% of the Group's total assets as at 31 December 2016 (31 December 2015: 45%), and the judgment involved in its valuation.

It is the Group's practice to have property valuations performed by external experts at least once a year. The fair value of investment property is determined using recognised valuation techniques, which have been disclosed in Note 4 of the consolidated financial statements.

We considered the objectivity, independence and expertise of management's appointed expert. We involved our valuation specialists to evaluate the assumptions and methodologies used by management's appointed expert in relation to current trends and market data. We evaluated the property-related data used as input for the valuation in terms of the current capacity of the investment property of the Group and the signed contracts. We further assessed the adequacy of the Group's disclosures on the valuation of investment property, as disclosed in Note 4 of the consolidated financial statements.

Other Information

Other information consists of the information included in the Group's 2016 Annual Report other than the financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. The Group's 2016 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED DEVELOPMENT COMPANY Q.P.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED DEVELOPMENT COMPANY Q.P.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED DEVELOPMENT COMPANY Q.P.S.C. (CONTINUED)

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Company's financial position or performance.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date: 7 February 2017
Doha

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Note	*2016* *QR'000*	*2015* *QR'000*
Revenue		**2,390,773**	1,440,646
Cost of revenue		**(1,349,362)**	(611,648)
Gross profit		**1,041,411**	828,998
Dividend income		**17,659**	20,252
Other operating income	6	**137,216**	231,905
Loss on sale of available-for-sale financial assets		**(23,021)**	-
Impairment of available-for-sale financial assets	13	**(24,504)**	(2,119)
Sales and marketing expenses		**(71,503)**	(54,102)
General and administrative expenses	7	**(335,014)**	(341,785)
Operating profit		**742,244**	683,149
Fair value gain on investment properties		**-**	122,488
Finance income		**36,876**	35,287
Finance costs		**(123,008)**	(131,394)
Net finance cost		**(86,132)**	(96,107)
Net share of results of associates	12	**24,750**	23,349
Profit for the year		**680,862**	732,879
Profit attributable to:			
Equity holders of the parent		**623,218**	689,635
Non-controlling interests		**57,644**	43,244
Profit for the year		**680,862**	732,879
Earnings per share			
Basic and diluted earnings per share	8	**1.76**	1.95

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	***2016*** ***QR'000***	*2015* *QR'000*
Profit for the year		**680,862**	732,879
Other comprehensive (loss)/ income			
Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods:			
Net change in fair value of available-for-sale financial assets	20	**(91,563)**	(57,230)
Net change in cash flow hedge reserve	20	**84**	(1,382)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Impairment of previously revalued property, plant and equipment	20	**-**	(27,510)
Total comprehensive income for the year		**589,383**	646,757
Total comprehensive income attributable to:			
Equity holders of the parent		**531,739**	603,513
Non-controlling interests		**57,644**	43,244
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**589,383**	646,757

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	*2016* *QR'000*	*2015* *QR'000*
Assets			
Non-current assets			
Property, plant and equipment	9	**3,231,194**	4,499,199
Investment properties	10	**8,861,377**	8,704,709
Intangible assets	11	**6,838**	3,678
Investment in associates	12	**316,385**	308,600
Accounts and other receivables - long term	16	**368,415**	218,381
Available-for-sale financial assets	13	**90,444**	449,456
Total non-current assets		**12,874,653**	14,184,023
Current assets			
Inventories, net	14	**1,997,627**	1,369,647
Work In Progress	15	**20,034**	-
Accounts and other receivables –current,net	16	**2,265,087**	1,307,298
Cash and cash equivalents	17	**1,565,883**	2,277,347
Total current assets		**5,848,631**	4,954,292
Total assets		**18,723,284**	19,138,315
Equity and liabilities			
Equity			
Issued capital	18	**3,540,862**	3,540,862
Legal reserve	19	**1,583,535**	1,521,213
Other reserves	20	**1,275,975**	1,594,006
Retained earnings		**4,497,817**	4,257,545
Equity attributable to equity holders of the parent		**10,898,189**	10,913,626
Non-controlling interests		**411,632**	372,925
Total equity		**11,309,821**	11,286,551
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	23	**3,272,796**	3,429,677
Retention payable	24	**17,545**	100,139
Accounts and other payables – long term	26	**88,344**	69,175
Employees' end of service benefits	25	**34,795**	38,213
Total non-current liabilities		**3,413,480**	3,637,204
Current liabilities			
Accounts and other payables	26	**2,589,031**	2,663,773
Interest-bearing loans and borrowings	23	**1,245,125**	1,377,014
Retention payable	24	**165,827**	173,773
Total current liabilities		**3,999,983**	4,214,560
Total liabilities		**7,413,463**	7,851,764
Total equity and liabilities		**18,723,284**	19,138,315

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 07 February 2017.

Ibrahim Jassim Al-Othman President & Chief Executive Officer	Turki Mohammed Khaled Al Khater Chairman of the Board

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to the equity holders of the Parent						
	Issued capital QR'000	*Legal reserve QR'000*	*Other reserves (Note 20) QR'000*	*Retained earnings QR'000*	*Total QR'000*	*Non-controlling interests QR'000*	*Total equity QR'000*
As at 1 January 2016	3,540,862	1,521,213	1,594,006	4,257,545	10,913,626	372,925	11,286,551
Total comprehensive income for the year							
Profit for the year	-	-	-	623,218	623,218	57,644	680,862
Other comprehensive (loss)/income							
Net change in fair value of available-for-sale financial assets	-	-	(91,563)	-	(91,563)	-	(91,563)
Transfer of Revaluation Gain	-	-	(226,552)	226,552	-	-	-
Net change in cash flow hedge reserve	-	-	84	-	84		84
Total other comprehensive loss	-	-	(318,031)	226,552	(91,479)	-	(91,479)
Total comprehensive income for the year	-	-	(318,031)	849,770	531,739	57,644	589,383
Transfer to legal reserve (Note 19)	-	62,322	-	(62,322)	-	-	-
Dividend paid (Note 21)	-	-	-	(531,129)	(531,129)	(19,404)	(550,533)
Contribution to social and sports fund (Note 22)	-	-	-	(15,580)	(15,580)	-	(15,580)
Change in non-controlling interests	-	-	-	(467)	(467)	467	-
Total transactions with owners	-	62,322	-	(609,498)	(547,176)	(18,937)	(566,113)
As at 31 December 2016	**3,540,862**	**1,583,535**	**1,275,975**	**4,497,817**	**10,898,189**	**411,632**	**11,309,821**

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2016

	Attributable to the equity holders of the Parent						
	Issued capital QR'000	*Legal reserve QR'000*	*Other reserves (Note 20) QR'000*	*Retained earnings QR'000*	*Total QR'000*	*Non-controlling interests QR'000*	*Total equity QR'000*
As at 1 January 2015	3,540,862	1,452,249	1,680,128	4,098,763	10,772,002	347,045	11,119,047
Total comprehensive income for the year							
Profit for the year	-	-	-	689,635	689,635	43,244	732,879
Other comprehensive loss							
Net change in fair value of available-for-sale financial assets	-	-	(57,230)	-	(57,230)	-	(57,230)
Impairment of previously revalued property, plant and equipment	-	-	(27,510)	-	(27,510)	-	(27,510)
Change in cash flow hedge reserve	-	-	(1,382)	-	(1,382)	-	(1,382)
Total other comprehensive loss	-	-	(86,122)	-	(86,122)	-	(86,122)
Total comprehensive income for the year	-	-	(86,122)	689,635	603,513	43,244	646,757
Transfer to legal reserve (Note 19)	-	68,964	-	(68,964)	-	-	-
Dividend paid	-	-	-	(442,608)	(442,608)	(19,404)	(462,012)
Contribution to social and sports fund (Note 22)	-	-	-	(17,241)	(17,241)	-	(17,241)
Change in non-controlling interests	-	-	-	(2,040)	(2,040)	2,040	-
Total transactions with owners	-	68,964	-	(530,853)	(461,889)	(17,364)	(479,253)
As at 31 December 2015	3,540,862	1,521,213	1,594,006	4,257,545	10,913,626	372,925	11,286,551

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	*2016* *QR'000*	*2015* *QR'000*
Operating activities			
Profit for the year		**680,862**	732,879
Adjustments to reconcile profit to net cash flows:			
Net share of results of associates	12	**(24,750)**	(23,349)
Depreciation	9	**101,992**	75,217
Amortisation	11	**2,199**	1,454
Impairment loss and write off of property, plant and equipment	7a	**4,103**	851
Impairment loss and write off of intangible assets	11	**295**	151
Loss on sale of available-for-sale financial assets		**23,021**	
Impairment loss on available-for-sale financial assets	13	**24,504**	2,119
Impairment loss on accounts receivable	16.1	**37,736**	12,946
Fair valuation gain on investment property	10	**-**	(122,488)
Gain on disposal of assets		**(678)**	(635)
Loss on disposal of assets held for sale		**-**	2,689
Net finance cost		**86,132**	96,107
Dividend income	32	**(17,659)**	(20,252)
Provision for employees' end of service benefits	25	**8,273**	12,067
		926,030	769,756
Working capital adjustments:			
Accounts and other receivables - long term		**(150,034)**	(122,094)
Proceeds from sale of assets held for sale		**-**	13,846
Inventories		**817,328**	144,992
Work In Progress		**(20,034)**	-
Accounts and other receivables – current, net		**(980,014)**	71,833
Accounts and other payables		**(67,850)**	(14,864)
Retention payable		**(90,540)**	3,514
Cash generated from operating activities		**434,886**	866,983
Employees' end of service benefits paid	25	**(12,146)**	(5,976)
Finance cost paid		**(128,281)**	(132,114)
Net cash flows from operating activities		**294,459**	728,893
Investing activities			
Additions to property, plant and equipment	9	**(449,656)**	(607,410)
Proceeds from sale of property, plant and equipment		**9,505**	1,236
Time deposits with maturities more than three months		**752,693**	(835,362)
Additions to intangible assets	11	**(1,404)**	(462)
Additions to investment properties	10	**(4,356)**	(37,189)
Interest received		**30,284**	33,985
Dividend & disposal proceed received from associates		**17,050**	30,400
Net proceeds from sale & purchase of available-for-sale financial assets		**212,325**	-
Dividend received from other investee companies		**17,659**	20,252
Net cash flows from/ (used in) investing activities		**584,100**	(1,394,550)
Financing activities			
Proceeds from interest bearing loans and borrowings		**356,160**	1,679,861
Repayment of interest bearing loans and borrowings		**(649,012)**	(1,938,105)
Dividend paid		**(544,478)**	(457,590)
Net cash flows used in financing activities		**(837,330)**	(715,834)
Net increase/ (decrease) in cash and cash equivalents		**41,229**	(1,381,491)
Cash and cash equivalents at 1 January		**1,053,570**	2,435,061
Cash and cash equivalents at 31 December	17	**1,094,799**	1,053,570

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

United Development Company Q.P.S.C. (the "Company") was incorporated as a Qatari Public Shareholding Company in accordance with the Emiri Decree No 2 on 2 February 1999 whose shares are publicly traded. The registered office of the Company is situated in Doha and its registered office address is P.O box 7256, Doha, State of Qatar. The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. Information regarding the Group's structure is provided in Note 4.

The principal activity of the Group is to contribute and invest in infrastructure and utilities, hydrocarbon and energy, urban development, environment related businesses, marina and related services, fashion, hospitality and leisure, business management, advertising and providing information technology solutions.

Pursuant to the Emiri Decree No 17 of 2004, the Company has been provided with a right to develop an island off the shore of Qatar for the sale and/or lease of properties. The Company is presently engaged in the development of this area known as "Pearl Qatar project". The Pearl Qatar project involves reclamation of land covering an area of 985 acres (4.2 million square meters) into a manmade island and the development of the island into various districts comprising housing beachfront villas, town homes, luxury apartments, retail shopping complex, penthouses, five star hotels, marinas and schools with related infrastructure and community facilities. The reclamation and the development of the land is being performed on a mix use development basis which was substantially completed in 2011.

The consolidated financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 07 February 2017.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No 11 of 2015.

The consolidated financial statements have been prepared on a historical cost basis, except for land categorised as property, plant and equipment, investment properties and available-for-sale financial assets that are presented at fair value in accordance with IFRS.

These consolidated financial statements are presented in Qatari Riyals, which is the Group's functional currency. All financial information is presented in Qatari Riyals and all values are rounded to the nearest thousands unless and otherwise indicated.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition for real estate units

In making their judgment, management considered detailed criteria for the recognition of revenue from the sale of real estate units as set out in IAS 18 Revenue, and in particular, whether the Group had transferred the significant risks and rewards associated with ownership of real estate units to the buyer.

Impairment of available-for-sale financial assets

The Group treats available-for-sale financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment.

Classification of investment property or inventory

Property is classified as investment property or inventory based on the following criteria:

- Investment property comprises of land and buildings which are not occupied, not held for use by the Group in its operations, nor for sale in the ordinary course of business, but held primarily to earn rental income and capital appreciation;

2 BASIS OF PREPARATION (CONTINUED)

Judgments (continued)

Classification of investment property or inventory (continued)

- Inventory comprises of land and residential properties that are held for sale in the ordinary course of business. Principally these residential properties represent those that the Group develops and intends to sell before or on completion of construction.

Transfer of real estate units from inventory to investment properties
The Group sells real estate assets in the ordinary course of business. In the event of a change in managements' intention to retain certain real estate units for capital appreciation or to earn rental income, the carrying amount of real estate assets is transferred and any differences between the fair value of a real estate unit and its carrying amount is recognised in the statement of profit or loss at transfer date.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful life of property, plant and equipment for the purpose of determining depreciation. This estimate is determined after considering the expected usage of the asset or its physical wear and tear. Management periodically reviews the estimated useful life and depreciation method of an asset to ensure that the method and the period of depreciation is consistent with the expected pattern of economic benefits associated from the asset.

Impairment of trade and other receivables
An estimate of the collectible amount of trade and other receivables is made when the collection of the full amount is no longer probable. For individually significant amounts, the estimate is performed on an individual basis. Amounts which are not individually significant but which are past due are assessed collectively and an impairment provision applied for amounts past due for more than 365 days.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Fair value of property (land classified as property plant and equipment and investment property)
The fair value of land and investment property is determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group assets.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standards, interpretation or amendments that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard and amendment is described below:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New and amended standards and interpretations adopted by the Group (continued)

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 Property, Plant, Equipment, and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New and amended standards and interpretations adopted by the Group (continued)

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements must apply that change retrospectively.These amendments do not have any impact on the Group's financial statements.

Annual Improvements 2012-2014 Cycle
These improvements include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

- *IFRS 7 Financial Instruments: Disclosures*

(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

- *IAS 19 Employee Benefits*
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

- *IAS 34 Interim Financial Reporting*
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.These amendments do not have any impact on the Group's financial statements.

- *Amendments to IAS 1 Disclosure Initiative*
The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
  - The materiality requirements in IAS 1
  - That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Group.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New and amended standards and interpretations adopted by the Group (continued)

Annual Improvements 2012-2014 Cycle (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

3.2 Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) Classification and measurement
The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently presented as accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 Standards issued but not yet effective

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a significant impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting
The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. During 2016, the Group is assessing the effect of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors’ interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 Standards issued but not yet effective

IAS 7 *Disclosure Initiative – Amendments to IAS 7*
The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosures provided by the Group.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in the opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 Standards issued but not yet effective

IFRS 16 Leases (continued)
IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Basis of consolidation
The consolidated financial statements comprise the financial statements of United Development Company Q.P.S.C. and all its subsidiaries as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)
The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of the influence retained.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. The consolidated financial statements include the financial statements of United Development Company Q.P.S.C. and its subsidiaries listed in the following table:

	Country of incorporation	% equity interest	
		2016	2015
Qatar District Cooling Company Q.C.S.C	Qatar	**51**	51
Ronautica Middle East O.M.C.	Qatar	**100**	100
The Pearl Qatar Company O.M.C.	Qatar	**100**	100
Hospitality Development Company O.M.C.	Qatar	**100**	100
United Fashion Company O.M.C.	Qatar	**100**	100
Medina Centrale Company O.M.C.	Qatar	**100**	100
Abraj Al-Mutahida Company O.M.C.	Qatar	**100**	100
United Facilities Management Company O.M.C	Qatar	**100**	100
Scoop Media and Communication Company O.M.C.	Qatar	**100**	100
Pragmatech Company O.M.C.	Qatar	**100**	100
Glitter O.M.C	Qatar	**100**	100
Insure Plus O.M.C.	Qatar	**100**	100
Madina Innova O.M.C	Qatar	**100**	100
The Pearl Owners Corporation O.M.C	Qatar	**100**	100
United Development Investment Company	Cayman Island	**100**	100
United Technology Solutions Company O.M.C	Qatar	**100**	100
Porto Arabia Retail Company 1	Cayman Island	**100**	100
Leisure and Resorts O.M.C	Qatar	**100**	100

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Qatar District Cooling Company Q.C.S.C, is a material partly owned subsidiary of the Group and is engaged in the construction, owning and operation of district cooling systems. It consolidates Installation Integrity 2006 W.L.L. (100%) and Cool Tech Qatar W.L.L. (100%) in its consolidated financial statements.

The accumulated balance of material non-controlling interest disclosed in the statement of financial position of QR 412,292 thousands as at 31 December 2016 (2015: QR 373,873 thousands) relates to the 49% equity interest in Qatar District Cooling Company Q.C.S.C that is not owned by the Group. Profit allocated to the material non-controlling interest amounted to QR 57,822 thousands (2015: QR 43,144 thousands).

The summarised financial information of this subsidiary is provided below: This information is based on amounts before inter-company eliminations.

	2016	*2015*
	QR'000	*QR'000*
Profit for the year	**105,424**	107,681
Total assets	**1,809,419**	1,667,309
Total liabilities	**916,551**	840,265
Total equity	**892,868**	827,044

Ronautica Middle East O.M.C. is involved in the development, operation of marina and sale of marine related equipment. During 2008, the capital of Ronautica Middle East O.M.C. was increased from QR 30 million to QR 100 million. The increase in capital was fully paid by the Group, which increased its equity interest from 60% to 88%. During 2009, the Group purchased the non-controlling interest of Ronautica Middle East O.M.C., which increased its equity interest from 88% to 100%.

The Pearl Qatar Company O.M.C activity is in the real estate sector.

Hospitality Development Company O.M.C. (HDC) is engaged in the investment and management of restaurants and sales and purchases of fast moving consumer goods in the hospitality sector. HDC consolidates Lebanese Restaurants Development L.L.C (84%), Flavour of Mexico L.L.C (90%), The Rising Sun L.L.C (95.68%), Urban Restaurant Development L.L.C (90%) and Wafflemaster Restaurant L.L.C (100%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.250 million to QR 50 million.

HDC took the decision to discontinue the operations of Modern Lebanese Restaurant L.L.C (90%) and China Square L.L.C (80.01%), respectively from 31 May 2014 and 30 September 2015. The liquidation process for Modern Lebanese Restaurant is still ongoing, while the liquidation process for china square was completed during the year.

United Fashion Company O.M.C. (UFC) is engaged in fashion retailing. The mandate of the Company is to acquire top international names for brand franchising and operating in the Middle East. UFC consolidates Rony Nacouzi (60%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.250 million to QR 80 million.

The operation of Hiref Middle East W.L.L which had a 51% stake, was officially closed as of 30 September 2014 and the liquidating process is still ongoing. In addition, during the year the operation of Rony Nacouzi was sold to a third party.

Medina Centrale Company O.M.C. is engaged in the investment of real estate properties.

Abraj Al-Mutahida's activity is in the development of real estate properties. During the year the name of the company was changed from "Abraj Quartier Company". to "Abraj Al-Mutahida".

United Facilities Management Company O.M.C is engaged in facility management activity.

Scoop Media and Communication Company O.M.C activity is in the advertising sector.

PragmaTech Company O.M.C. activity is in providing information technology solutions. During the year 2012, a decision was taken to close this company's branch in Lebanon.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Glitter O.M.C. activity is to provide cleaning related services.

Insure plus O.M.C. activity is insurance agency and providing technical services and risk related services.

Madina Innova O.M.C. is engaged in providing registry and master community services at the Pearl Qatar.

The Pearl Owners Corporation O.M.C. is engaged in property management support services.

United Development Investment Company is engaged in development and investment of real estate activities.

United Technology Solutions O.M.C. is engaged in providing information technology solutions.

Porto Arabia Retail Company 1 is engaged in real estate rental activities.

Leisure and Resorts O.M.C. activity is to operate and develop hotels and resorts.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 - Financial Instrument: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration that is classified as equity is not remeasured, subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of its assets acquired and all of the liabilities assumed and reviews the procedures used to measure amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in associates
Associates are those entities in which the Group has the significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The Group's investments in its associates are accounted for under the equity method of accounting.

Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the change in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Upon loss of the significant influence over the associate, the Group measures and recognizes any retained investments at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of retained investments and proceeds from disposal is recognized in the statement of profit or loss.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the executive decision makers. The executive decision makers, who are responsible for the allocation of resources and assessing the performance of operating segments have been identified as the Board of Directors.

Revenue recognition

Revenue from the sale of completed properties (land, townhouses, apartments and villas)
The Group applies IAS 18 revenue recognition principles to recognise the revenue from the sale of properties and accordingly the following conditions should be satisfied to recognise a sale:
(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the properties
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In jurisdictions where the Group transfers risks and rewards of ownership of the property in its entirety at a single point in time, revenue of and the associated costs are recognized at that point of time. Although this trigger is determined by reference to the sales contract and the relevant local laws, and so may differ from transaction to transaction, in general the Group determines the point of recognition of revenue to be the time at which the buyer is entitled to take possession of the property.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from the sale of goods and chilled water
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods and services have passed to the buyer and the amount of revenue can be measured reliably.

For the sale of chilled water, revenue comprises of available capacity and variable output provided to customers and is recognized when services are provided.

Service charges and expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable.

Revenue from services
Revenue from rendering services is recognized by reference to the stage of completion of the transaction at the reporting date when the outcome of the transaction can be reliably estimated.

Profit on sale of available-for-sale financial assets
On sale of available-for-sale financial assets, a gain is recognised as the difference between the carrying amount and the sum of:
(a) consideration received and
(b) any cumulative gain previously recognised directly in equity.

Interest income
Interest income is recognised using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividend income
Dividend income is recognised when the right to receive the dividend is established which is generally when shareholders approve dividends.

Fee income
Fee income is recognised on a time proportion basis when realized.

Rental income
Rental income from investment properties and the leasing of berths is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Revenue from sale of goods (retail fashion and restaurant sales)
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the buyer; recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is measured at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the assets to the working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any revaluation surplus is recognized in the statement of other comprehensive income and presented in the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in the statement of profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except where the deficit directly offsets a previous surplus on the same asset which is directly offset against the surplus in the asset revaluation reserve.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Valuations are performed frequently enough to ensure that the fair value of the revalued assets do not differ materially from its carrying value.

Reclassification to investment properties
When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on re-measurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)
The estimated useful lives for the current and comparative periods are as follows:

Buildings, plant and facilities	20 – 50 years
Building improvements	3 – 7 years
Furniture, fixtures, equipment and instruments	3 – 7 years
Motor vehicles and boats	5 – 8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets
The Group recognises intangible assets arising from corporate branding, a brand strategy development arrangement where it has the right to charge for usage of brand strategy, development cost of technical know-how and computer software. These intangible assets are measured at cost upon initial recognition. Following initial recognition, the intangible asset is measured at cost, less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

Computer software which is not an integral part of hardware is recognised as an intangible asset and is amortised over its estimated useful life of 5 years as determined by the Group's management. Corporate branding and brand strategy development cost is amortised over its estimated useful life of between 8 and 12 years as determined by the Group's management. Development cost of technical know-how is amortised over its estimated useful life of 5 years as determined by the Group management. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work–in-progress
The cost of capital work-in-progress consists of the contract value, directly attributable costs of developing and bringing the project assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The costs of capital work-in-progress will be transferred to tangible and intangible non-current asset classifications when these assets reach their working condition for their intended use. The carrying values of capital work in progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Investment properties
Investment property comprises completed property and property under construction or re-development held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequent to the initial recognition, investment property is stated at fair value with gains or losses arising from changes in fair value included in the statement of profit or loss in the year which they arises.

Cost includes expenditure that is directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and any other costs directly attributable to bringing the investment property to a working condition for their intended use. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (continued)
Transfers are made to investment property when and only when, there is a change in use, evidenced by the end of the owner occupation or commencement of an operating lease. Transfers are made from investment or commencement of an operating lease. Transfers are made from investment property when and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of profit or loss.

Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the investment property no longer exists or have reduced.

Borrowing costs
The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. For the purpose of determining interest available for capitalization, the costs related to these borrowings are reduced by any investment income on the temporary investment of the borrowings.

The capitalization of borrowing costs will cease once the asset is ready for its intended use. All other interest is recognised in the statement of profit or loss.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Non-derivative financial assets
The Group initially recognises accounts and other receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Non-derivative financial assets comprise investments in equity securities, accounts and other receivables, cash and cash equivalents.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, as appropriate.All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

The Group derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of the financial asset are transferred.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Subsequent measurement (continued)
Non-derivative financial assets are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Derecognition of financial assets
A financial asset is primarily derecognised where:
- the right to receive cash flows from the asset have expired or;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and
- either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events that has occurred after the initial recognition of the asset, has a negative effect on the estimated future cash flows of that asset and can be estimated reliably.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the original effective interest rate. All impairment losses are recognized in the statement of profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Financial liabilities
Non-derivative financial liabilities
All the financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities comprise term loans, accounts and other payables and retention payable.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Derecognition financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets other than investment property and inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated. An assets recoverable amount is the highest of an asset fair value less costs of disposal and its value in use.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Fair value measurement
The Group measures financial instruments and non-financial assets such as investment properties, at fair value at each consolidated financial position date. Fair value related disclosures for financial instruments and non-financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:
- property, plant and equipment in Note 9
- investment properties in Note 10
- available-for-sale financial assets in Note 13
- quantitative disclosures of fair value measurement hierarchy in Note 31

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Fair value measurement (continued)
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1:Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2:Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3:Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement such as unquoted available-for-sale financial assets, and for non-recurring measurement. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

The Group, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Available-for-sale financial assets
For investments actively traded in organised financial markets, fair value is determined by reference to quoted market bid prices at the close of business at the reporting date. Where the investments are not traded in an active market, traded in small volumes or where there is no quoted market price, a reasonable estimate of fair value is determined by reference to current market value of a similar investment or is based on the expected discounted cash flows. Investments whose fair value cannot be reliably measured are carried at cost less any impairment in value.

Accounts and other receivables
The fair value of accounts and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Investment property
The Group values its investment property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-sale financial assets
The Group's investments in equity securities are classified as available-for-sale financial assets. After initial recognition, investments which are classified "available-for-sale – quoted" are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale financial assets (refer to note 20), are recognised directly in equity.

On de-recognition or impairment, the cumulative gain or loss previously reported in equity is included in the profit or loss for the year.

Due to the nature of the cash flows arising from the Group's unquoted investments, the fair value of investments cannot be reliably measured and consequently, these investments are carried at cost, less provision for impairment losses, if any. Available-for-sale instruments are recognised and derecognised on a trade date basis, when the Group becomes or ceases to be a party to the contractual provisions of the instrument.

Accounts and other receivables
Accounts and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Inventories
Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank balances and short term original deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Interest bearing loans and borrowings
All the term loans are initially recognised at the fair value of the consideration received plus directly attributable transaction costs. After initial recognition, interest bearing term loans are subsequently measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of the loan facility are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Employees' end of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and the length of service, subject to the completion of a minimum service period, calculated under the provisions of the Qatar Labour Law and is payable upon resignation or termination of employment. The expected costs of these benefits are accrued over the period of employment.

Accounts and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and reliably measured.

Provisions are measured at present value of expenditure expected to be required to settle the obligation at the end of the reporting period, using the rate that reflect the current market assessments of the time value of money and the risk specific to the obligation.

Provision are reviewed at each statement of financial position date and adjust to reflect the current best estimate. If it is no longer probable that an out flow resource embodying economic benefits will be required to settle the obligation the provision is reversed.

Onerous contracts
Present obligation arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the obligation under the contract exceed the economic benefits expected to be received from the contract.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Foreign currency translation
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are recognised in the profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading; or
- Expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discontinued operations
A discontinued operation is a component of the Group's business that represents a separate geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale.

Assets and liabilities of discontinued operations are considered as disposal groups and classified as held-for-sale. Impairment loss on initial classification to held-for-sale and subsequent gain or loss on re-measurement are recognised in profit or loss.

The disposal group is re-measured in accordance with the Group's accounting policies immediately before classification as held-for-sale. Therefore, generally the disposal group is measured at the lower of its carrying amount and fair value less costs to sell. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Cash dividend and non-cash distribution to equity holders of the parent
The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Qatar Commercial Companies' Law No. 11 of 2015, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

5 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, accounts and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group has exposure to the following risks from its use of financial instruments
- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management frame work.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Accounts and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The majority of the Group's revenue is attributable to customers originating from the Gulf cooperative Council States. There is no concentration of credit risk attributable to a single customer.

Properties sold are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require additional collateral in respect of accounts and other receivables.

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Currency risk
The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities. The majority of the Group's transactions are denominated in the functional currency of the Group's entities or currencies with a fixed exchange rate to the functional currency.

Equity price risk
The Group monitors equity securities based on the market indices. Material investments are managed by the Group on individual basis and all buy and sell decisions are approved by the Board of Directors. The equity securities performance is actively monitored and managed on a fair value basis.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of change in the market interest rate relates primarily to the Group's interest bearing loans and borrowings. The Group adopts a policy of ensuring that interest rate exposures are reviewed regularly.

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plan;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Operational risk (continued)
Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with reports submitted to the Audit Committee, Board of Directors and senior management of the Group.

Capital management
The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group objectives when managing capital are:
- To safeguard the Group's ability to continue as going concern, so that it can continue to provide return for shareholders and benefits for other stakeholders;
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- To ensure that it meets financial covenants attached to the interest bearing loans and borrowings.

6 OTHER OPERATING INCOME

	2016	*2015*
	QR'000	*QR'000*
Fee income	**42,563**	169,374
Sundry income	**94,653**	62,531
	137,216	231,905

7 GENERAL AND ADMINISTRATIVE EXPENSES

	2016	*2015*
	QR'000	*QR'000*
Payroll and related expenses	**205,626**	206,644
Depreciation (Note 9)	**27,250**	29,047
Rent	**13,000**	12,960
Professional charges	**22,008**	18,259
Directors remuneration	**16,800**	13,500
Impairment and write off of property, plant and equipment and intangible asset (Note a)	**4,398**	851
Other general and administrative expenses	**45,932**	60,524
	335,014	341,785

Notes

(a) Impairment loss and write off of property and plant and equipment and intangible asset :

	2016	*2015*
	QR'000	*QR'000*
Write offs of property, plant and equipment (Note 9)	**4,103**	-
Impairment loss property plant and equipment (Note 9)	**-**	851
Write off of Intangible Asset (Note 11)	**295**	-
	4,398	851

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2016	*2015*
	QR'000	*QR'000*
Profit attributable to equity holders of the parent	**623,218**	689,635
Weighted average number of ordinary shares outstanding during the year	354,086	354,086
Basic and diluted earnings per share (QR)	**1.76**	1.95

There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

9 PROPERTY, PLANT AND EQUIPMENT

	Land QR'000	*Building QR'000*	*Boats QR'000*	*Plant facilities QR'000*	*Furniture, fixture, equipment, instruments and building improvements QR'000*	*Motor vehicles QR'000*	*Capital work in progress QR'000*	*Total 2016 QR'000*	*Total 2015 QR'000*
Cost or valuation:									
At 1 January	1,928,868	59,997	8,347	1,341,936	406,874	27,716	1,330,786	5,104,524	4,516,173
Additions	-	-	335	36,641	7,999	1,364	403,317	449,656	607,410
Transfers	(1,021,524)	377,074	6,960	336,422	29,580	-	(1,324,564)	(1,596,052)	(5,342)
Write-offs	-	-	-	-	(23,796)	-	(3,532)	(27,328)	(6,729)
Disposals	-	-	(6,950)	-	(27,715)	(6,641)	-	(41,306)	(6,988)
At 31 December	907,344	437,071	8,692	1,714,999	392,942	22,439	406,007	3,889,494	5,104,524
Depreciation and impairment:									
At 1 January	-	32,607	5,529	250,695	292,839	23,655	-	605,325	515,005
Depreciation charge for the year	-	19,314	830	51,136	28,966	1,746	-	101,992	75,217
Transfers	-	-	6,950	-	(263)	-	-	6,687	(142)
Impairment	-	-	-	-	-	-	-	-	28,361
Write-offs	-	-	-	-	(23,225)	-	-	(23,225)	(6,729)
Disposals	-	-	(6,950)	-	(19,140)	(6,389)	-	(32,479)	(6,387)
At 31 December	-	51,921	6,359	301,831	279,177	19,012	-	658,300	605,325
Net Book Value:									
At 31 December 2016	**907,344**	**385,150**	**2,333**	**1,413,168**	**113,765**	**3,427**	**406,007**	**3,231,194**	
At 31 December 2015	1,928,868	27,390	2,818	1,091,241	114,035	4,061	1,330,786		4,499,199

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation charge has been disclosed in the consolidated financial statements as follows:

	2016	*2015*
	QR'000	*QR'000*
Cost of revenue	**74,595**	45,885
Sales and marketing expenses	**147**	285
General and administrative expenses (Note 7)	**27,250**	29,047
	101,992	75,217

(i) The district cooling system plant and related facilities are being constructed on the freehold land owned by the Group and leasehold land.

(ii) The revaluation of the land in the West Bay area and Pearl Qatar was carried out by an independent external valuator in 2011. The cost of the land which was subject to revaluation, amounted to QR 109,500 thousands. The Group believes that the carrying value of revalued assets as at 31 December 2016 approximates its fair value.

(iii) Capital work in progress comprises of the costs incurred in respect of the following:

	2016	*2015*
	QR'000	*QR'000*
Cooling plants – Qatar District Cooling Company Q.C.S.C.	**387,371**	237,922
Properties under development	**13,960**	1,090,510
Others	**4,676**	2,354
	406,007	1,330,786

(iv) The impairment loss and write offs amounting to QR 4,103 thousands (2015: QR 28,361 thousands) are disclosed in the consolidated financial statements as follows

	2016	*2015*
	QR'000	*QR'000*
Impairment loss		
Asset revaluation reserve (Note 20c)	**-**	27,510
General and administration expenses (Note 7a)	**-**	851
	-	28,361
Write offs		
General and administration expenses (Note 7a)	**4,103**	-
	4,103	28,361

10 INVESTMENT PROPERTIES

	2016	*2015*
	QR'000	*QR'000*
Balance at 1 January	**8,704,709**	8,394,340
Additions - development costs incurred during the year	**4,356**	37,189
Net transfers	**152,312**	150,692
Fair value gain	**-**	122,488
Balance at 31 December	**8,861,377**	8,704,709

The cost of investment properties as of 31 December 2016 includes capitalised borrowing costs amounting to QR 284,807 thousands (2015: QR 261,474 thousands).

The fair value of investment property is determined on the basis of a valuation carried out by an accredited independent valuer. The valuer is a member of a professional valuers associations and has the appropriate qualifications and experience in valuing these types of investment properties. The valuation was mainly determined using the discounted cash flow method in accordance with RICS valuation standards, adopting the IFRS basis of fair value and using established principles and valuation techniques. Management believes there has been no significant change to the fair value as at 31 December 2016 and the carrying value of investment properties approximates fair value.

The transfers to investment properties resulted from a change in managements' business plan to use these properties to generate rental income for the Group in future periods.

11 INTANGIBLE ASSETS

	Branding	*Goodwill*	*Operating software*	*Others*	*Total*
	QR'000	*QR'000*	*QR'000*	*QR'000*	*QR'000*
Cost:					
Balance at 1 January 2016	8,563	8,867	8,727	2,814	28,971
Additions during the year	1,404	-	-	-	1,404
Transfer	4,250				4,250
write off	-	-	(377)	-	(377)
Balance at 31 December 2016	**14,217**	**8,867**	**8,350**	**2,814**	**34,248**
Balance at 1 January 2015	7,761	8,867	8,712	2,814	28,154
Additions during the year	447	-	15	-	462
Transfer	355	-	-	-	355
Balance at 31 December 2015	8,563	8,867	8,727	2,814	28,971

11 INTANGIBLE ASSETS (CONTINUED)

	Branding QR'000	*Goodwill QR'000*	*Operating software QR'000*	*Others QR'000*	*Total QR'000*
Amortisation and impairment:					
Balance at 1 January 2016	6,099	8,867	7,760	2,567	25,293
Amortisation for the year	1,504	-	672	23	2,199
Write- off	-	-	(82)	-	(82)
Balance at 31 December 2016	**7,603**	**8,867**	**8,350**	**2,590**	**27,410**
Balance at 1 January 2015	5,346	8,867	6,931	2,544	23,688
Amortisation for the year	602	-	829	23	1,454
Impairment	151	-	-	-	151
Balance at 31 December 2015	6,099	8,867	7,760	2,567	25,293
Net book value:					
At 31 December 2016	**6,614**	-	**-**	**224**	**6,838**
At 31 December 2015	2,464	-	967	247	3,678

12 INVESTMENT IN ASSOCIATES

The Group has the following investments in associate companies:

	Country of incorporation	***Shareholding***	***2016 QR'000 Carrying Value***	*2015 QR'000 Carrying Value*
Middle East Dredging Company Q.S.C. (Note a)	Qatar	45.9%	**-**	-
Al-Seef Limited Q.S.C (Note b)	Qatar	20%	**256,648**	254,506
United Readymix W.L.L. (Note c)	Qatar	32%	**59,737**	53,015
ASTECO Qatar (Note d)	Qatar	30%	**-**	1,079
			316,385	308,600

Notes:

(a) Middle East Dredging Company Q.S.C. (the associate) is involved in project related dredging and reclamation activities in the Gulf States and other neighbouring countries. The equity holding in the associate was impaired in full during 2013.

(b) Al-Seef Limited Q.S.C. is engaged in production and selling of Linear Alkyl Benzene (LAB), downstream petrochemical products and essential feedstock to worldwide detergent manufacturing industries.

(c) United Readymix W.L.L. is engaged in the production and sale of ready-mix concrete and other building materials.

(d) ASTECO Qatar is involved in property management activity. In 2014, a decision was taken to liquidate the Company. The liquidation process was completed during the year.

12 INVESTMENT IN ASSOCIATES (CONTINUED)

The net share of the results of associates represents the Group's share of the associates' net profit/(loss) for the year. The following table represents the summarized financial information of the Group's investments in associates.

	2016	*2015*
	QR'000	*QR'000*
Share of associates' in the statement of financial position:		
Non-current assets	**576,312**	580,496
Current assets	**701,632**	676,497
Non-current liabilities	**(167,699)**	(162,988)
Current liabilities	**(793,860)**	(785,405)
Net assets	**316,385**	308,600
Associates' share of revenue and results:		
Group's share of revenue	**243,533**	231,823
Group's share of profit for the year	**24,750**	23,349

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	*2015*
	QR'000	*QR'000*
Available-for-sale financial assets – quoted shares – Inside Qatar	**2,770**	254,182
Available-for-sale financial assets – quoted shares – Outside Qatar	**83,674**	191,274
Available-for-sale financial assets – unquoted shares	**4,000**	4,000
	90,444	449,456

As of 31 December 2016, unquoted equity investments are carried at cost due to non-availability of quoted market prices or other reliable measures of fair value.

Movement of the available-for-sale financial assets during the year is as follows:

	2016	*2015*
	QR'000	*QR'000*
Balance at 1 January	**449,456**	508,805
Net change in fair value (Note 20)	**(91,563)**	(57,230)
Addition	**18,098**	-
Disposal	**(261,043)**	-
Impairment loss recognised in the statement of profit or loss	**(24,504)**	(2,119)
Balance at 31 December	**90,444**	449,456

14 INVENTORIES, NET

	2016	*2015*
	QR'000	*QR'000*
Land and properties held for trading	**1,970,129**	1,341,514
Construction work in progress – equipment	**13,216**	5,981
Material and chemical items	**397**	8,013
Spare parts	**13,105**	7,653
Fashion items	**-**	5,389
Food, beverage and consumables	**780**	995
Boat stocks	**-**	102
	1,997,627	1,369,647

15 WORK IN PROGRESS

This represents cost incurred by the Group in respect of properties that are been currently developed for the purpose of sale.

	2016 *QR'000*	*2015* *QR'000*
Balance at 31 December	**20,034**	-

16 ACCOUNTS AND OTHER RECEIVABLES

	2016 ***QR'000***	*2015* *QR'000*
Accounts and other receivables – current, net (Note 16.1)	**2,265,087**	1,307,298
Accounts and other receivables - long term (Note 16.2)	**368,415**	218,381
	2,633,502	1,525,679

16.1 Accounts and other receivables – current, net

	2016 ***QR'000***	*2015* *QR'000*
Accounts receivable	**127,511**	128,096
Amounts due from customers	**1,407,351**	517,808
Advances to contractors	**30,680**	39,506
Amounts due from related parties (Note a)	**25,287**	21,957
Accrued income	**12,456**	5,864
Prepaid expenses and other assets	**661,802**	594,067
	2,265,087	1,307,298

As at 31 December 2016, accounts receivable amounting to QR 77,528 thousands (2015: QR 41,422 thousands) were impaired and fully provided for.

	2016 ***QR'000***	*2015* *QR'000*
Balance as of 1 January	**41,422**	29,274
Net Provision for the year	**37,736**	12,946
Recoveries	**(1,630)**	(798)
Balance as of 31 December	**77,528**	41,422

16 ACCOUNTS AND OTHER RECEIVABLES (CONTINUED)

16.1 Accounts and other receivables – current, net (continued)

(a) Included in the amounts due from related parties are the following balances:

	2016 QR'000	*2015 QR'000*
United Readymix W.L.L.	**16,166**	14,203
Middle East Dredging Company Q.S.C.	**2,932**	1,492
Lebanese Restaurants Development L.L.C	**3,201**	3,201
Flavour of Mexico L.L.C	**1,264**	1,264
Food Scope America	**1,097**	1,097
Urban Restaurant Development L.L.C	**627**	700
	25,287	21,957

Refer to Note 27 for the terms and conditions relating to related party transactions. Accounts receivable is non-interest bearing and as at 31 December 2016, the analysis of accounts receivables and amounts due from customers that were past due but not impaired is set out below:

	Neither past due nor impaired 2016 QR'000	***Past due but not impaired 2016 QR'000***	***Total 2016 QR'000***	*Total 2015 QR'000*
Accounts receivable	**32,473**	**95,038**	**127,511**	128,096
Amounts due from customers	**1,391,326**	**244,234**	**1,635,560**	596,024
	1,423,799	**339,272**	**1,763,071**	724,120

Note 30 on credit risk of accounts receivable, explains how the Group manages and measures credit quality of accounts receivable that are neither past due nor impaired.

16.2 Accounts and other receivables - long term

	2016 QR'000	*2015 QR'000*
Accounts receivable	**228,209**	78,216
Long term loan receivable (i)	**122,094**	122,094
Long term deposits (ii)	**18,112**	18,071
	368,415	218,381

(i) In 2015, the Group entered into an agreement to provide a financing facility to its associate, Middle East Dredging Company Q.S.C, a related party. The loan is interest-bearing and repayable at the end of the loan term.

(ii) This amount represents the deposit paid for the purpose of obtaining utilities services by the subsidiary, Qatar District Cooling Company Q.C.S.C. This deposit will be released upon the discontinuation of the service provided for each cooling plant.

17 CASH AND CASH EQUIVALENTS

	2016	*2015*
	QR'000	*QR'000*
Cash on hand and bank balances	**290,116**	230,441
Time deposits	**1,275,767**	2,046,906
Total cash and cash equivalents	**1,565,883**	2,277,347
Less: Reserves / Time deposits maturing after 90 days	**(471,084)**	(1,223,777)
Cash and cash equivalents as per the statement of cash flows	**1,094,799**	1,053,570

Time deposits carry interest at commercial rates.

18 ISSUED CAPITAL

	2016	*2015*
	QR'000	*QR'000*
Authorised, issued and fully paid up capital:		
354,086,248 ordinary shares of QR 10 each		
(2015 : 354,086,248 ordinary shares of QR 10 each)	**3,540,862**	3,540,862
Number of shares		
On issue at 1 January (thousands)	**354,086**	354,086
On issue at 31 December (thousands)	**354,086**	354,086

At 31 December 2016, the authorised share capital comprised of 354,086,248 ordinary shares (2015: 354,086,248 ordinary shares), all shares have a par value of QR 10. All issued shares are fully paid. The holders of ordinary shares are entitled to receive a dividend, as declared from time to time and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Group's residual assets.

19 LEGAL RESERVE

In accordance with Qatar Commercial Companies' Law No. 11 of 2015, 10% of the profits for the year are transferred to a legal reserve. Transfers may cease when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution, except in the circumstances stipulated by the Qatar Commercial Companies' Law No. 11 of 2015. In 2006, the Company capitalized QR 57,280 thousands from legal reserve in order to issue bonus shares for 2005.

During the year, an amount of QR 62,322 thousands was transferred to the legal reserve (2015: QR 68,964 thousands).

20 OTHER RESERVES

	Fair value reserve QR'000	**Cash flow hedge reserve QR'000**	**Asset revaluation reserve QR'000**	**Total 2016 QR'000**	*Total 2015 QR'000*
Balance at 1 January	**96,484**	**(7,511)**	**1,505,033**	**1,594,006**	1,680,128
(Decrease)/ increase	**(91,563)**	**84**	**(226,552)**	**(318,031)**	(86,122)
Balance at 31 December	**4,921**	**(7,427)**	**1,278,481**	**1,275,975**	1,594,006

(a) **Fair value reserve**

The fair value reserve is used to record the changes, other than impairment losses in the fair value of available-for-sale financial assets.

(b) **Cash flow hedge reserve**

The cash flow hedge reserve represents the Group's share of other comprehensive income of associates.

(c) **Asset revaluation reserve**

The asset revaluation reserve is used to record increases in the fair value of property, plant and equipment that were subject to fair valuation and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

The movement in asset revaluation reserve during the year is as follows:

	2016 QR'000	*2015 QR'000*
Impairment loss of previously revalued assets (Note 9)	**-**	(27,510)
	-	(27,510)

21 PROPOSED DIVIDENDS

The Board of Directors proposed a cash dividend of 12.5 % of share capital amounting to QR 442,608 thousands for the year 2016 which will be subject to the approval of the shareholders at the Annual General Meeting (2015: cash dividend of 15% of share capital amounting to QR 531,129 thousands).

22 SOCIAL AND SPORTS FUND

Qatar Law No. 13 of 2008 requires all Qatari listed shareholding companies to pay 2.5% of net profit to a social and sports fund. In pursuant to this Law and further clarifications for the Law issued in 2010, the Group has made an appropriation of QR 15,580 thousands representing 2.5% of the net profit attributable to the equity holders of Company for the year ended 31 December 2016 (2015: QR 17,241 thousands).

23 INTEREST-BEARING LOANS AND BORROWINGS

	2016	*2015*
	QR'000	*QR'000*
Loan 1	**668,908**	569,482
Loan 2	**764,925**	764,925
Loan 3	**520,937**	694,583
Loan 4	**728,000**	728,000
Loan 5	**140,000**	192,500
Loan 6	**393,545**	485,545
Loan 7	**-**	61,700
Loan 8	**610,670**	819,380
Loan 9	**709,340**	523,976
Loan 10	**10,911**	-
	4,547,236	4,840,091
Less: Unamortised finance cost associated with raising finance	**(29,315)**	(33,400)
Balance at 31 December	**4,517,921**	4,806,691
Presented in the consolidated statement of financial position as:		
Current liability	**1,245,125**	1,377,014
Non-current liability	**3,272,796**	3,429,677
	4,517,921	4,806,691

The loans carry interest at variable rates of Qatar Central Bank repo rate and/or LIBOR plus or minus a margin. The finance costs associated with the raising of funds represents arrangement, agency and participation fees.

(i) Loan 1: This represent a corporate loan facility obtained by Qatar District Cooling during year 2015.Term loan tranche A represents a loan obtained from a commercial bank on 8 January 2015 with a principal balance of US$ 165.3 million. The term loan carries interest at LIBOR plus margin and is repayable at fixed semi-annual payments until 2024. The loan was obtained to fully settle the old term loan.

Term loan tranche B represents a loan obtained from a commercial bank with a loan facility amounting to USD 86 million and is available for drawdown at any given time valid until the availability period. The term loan carries interest at LIBOR plus margin. The loan is repayable 36 months after the signing date at annual instalments equivalent to a fixed percentage of the aggregate loan balance. In 2016 and 2015, total loan drawn amounted to US$ 43.9 million and US$ 22.4 million, respectively, and has an accumulated balance of US$ 66.3 million as at the reporting date. The loan was obtained to finance the construction of the new cooling plant at West Bay.

Term loan tranche A and B are secured against the project assets and other tangible assets of the chilling plants of the Group. Additionally, all revenues from the chilling plants and insurance proceeds have been assigned in favour of the lenders.

(ii) Loan 2: In August 2014, the Company signed a syndicated loan agreement of USD 210 million with a group of local and regional banks for corporate purposes available for 3 years. The facility was fully drawn by the Company.

(iii) Loan 3: In September 2015, the subsidiary, Medina Centrale Company fully settled its existing syndicated loan facility of QR 765 million and US$ 27.4 million and entered into a new syndicated loan facility of QR 738 million. The new facility is payable in quarterly instalments commencing from November 2015 and ending in November 2019.

(iv) Loan 4: This represents a corporate banking facility obtained by the Company in March 2016 for QR 728 million. The loan was fully drawn by the Company and is payable in full in March 2019

(v) Loan 5: This represents a general corporate facility obtained by the subsidiary, Porto Arabia Retail Company 1 in August 2011. The facility limit is QR 350 million payable semi-annually commencing from February 2013 to August 2018. The facility was fully drawn by the Company.

23 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(vi) Loan 6: This represents a general corporate facility obtained by the Company in September 2014. The loan was fully drawn by the Company and repayable in quarterly instalments commencing from October 2014 and ending on October 2021.

(vii) Loan 7: This facility was obtained by the subsidiary United Development Investment Company in February 2011 with a facility limit of QR 400 million. The outstanding balance of the facility was paid in full.

(viii) Loan 8: This represents a loan obtained by the Company amounting to QR 1.546 billion in July 2013 for the purpose of financing the purchase of residential units at the Qanat Quartier Project in the Pearl-Qatar Island from the Pearl-Qatar Real Estate Fund. The loan is repayable in quarterly instalments commencing from September 2013 and ending in October 2022. The loan was fully drawn down by the Company.

(ix) Loan 9: In June 2014, the Company signed a Musharaka agreement of QR 855 million for the construction of Abraj Quartier Office Towers 01 & 02 at the Pearl Qatar project. The principal amount was revised from QR 855 million to QR 770 million in 2016. The loan is repayable in quarterly instalments commencing December 2018 and ending in September 2026. The outstanding balance as at 31 December 2016 represents the drawn down amount of the facility.

(x) Loan 10: In December 2016, the Company signed a project finance loan of QR 730 million for the construction of Al Mutahidah Towers at the Viva Bahriya precinct in the Pearl-Qatar island. The loan is repayable in quarterly instalments commencing from March 2020 and ending in December 2021. The outstanding balance as at 31 December 2016 represents the drawn amount of the facility.

The maturity profiles of the term loans are as follows:

31 December 2016	***1 Year QR'000***	***2-5 years QR'000***	***Over 5 years QR'000***	***Total QR'000***
Loan 1	**75,389**	**361,286**	**232,233**	**668,908**
Loan 2	**764,925**	**-**	**-**	**764,925**
Loan 3	**173,646**	**347,291**	**-**	**520,937**
Loan 4	**-**	**728,000**	**-**	**728,000**
Loan 5	**70,000**	**70,000**	**-**	**140,000**
Loan 6	**80,000**	**313,545**	**-**	**393,545**
Loan 7	**-**	**-**	**-**	**-**
Loan 8	**81,165**	**401,960**	**127,545**	**610,670**
Loan 9	**-**	**254,788**	**454,552**	**709,340**
Loan 10	**-**	**10,911**	**-**	**10,911**
	1,245,125	**2,487,781**	**814,330**	**4,547,236**

31 December 2015	***1 Year*** *QR'000*	***2-5 years*** *QR'000*	***Over 5 years*** *QR'000*	*Total QR'000*
Loan 1	60,458	383,921	125,103	569,482
Loan 2	-	764,925	-	764,925
Loan 3	173,646	520,937	-	694,583
Loan 4	728,000	-	-	728,000
Loan 5	52,500	140,000	-	192,500
Loan 6	92,000	320,000	73,545	485,545
Loan 7	61,700	-	-	61,700
Loan 8	208,710	371,040	239,630	819,380
Loan 9	-	146,666	377,310	523,976
	1,377,014	2,647,489	815,588	4,840,091

This note provides information regarding the contractual terms of the Group's term loans, which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risk, refer to Note 30.

24 RETENTION PAYABLE

Retention payable represents amounts withheld from the payments to contractors. These amounts will be settled upon completion of the maintenance period subject to satisfactory discharge of the obligations of the contractors. This has been disclosed in the consolidated statement of financial position as follows:

	2016	*2015*
	QR'000	*QR'000*
Current	**165,827**	173,773
Non-current	**17,545**	100,139
	183,372	273,912

25 EMPLOYEES' END OF SERVICE BENEFITS

The movements in the provision recognised in the consolidated statement of financial position are as follows:

	2016	*2015*
	QR'000	*QR'000*
Balance at 1 January	**38,213**	32,257
Transfers	**455**	(135)
Provided during the year	**8,273**	12,067
End of service benefits paid	**(12,146)**	(5,976)
Balance at 31 December	**34,795**	38,213

26 ACCOUNTS AND OTHER PAYABLES

	2016	*2015*
	QR'000	*QR'000*
Accounts and other payables - current (Note 26.1)	**2,589,031**	2,663,773
Accounts and other payables - long term (Note 26.2)	**88,344**	69,175
	2,677,375	2,732,948

26.1 Accounts and other payables – current

	2016	*2015*
	QR'000	*QR'000*
Accounts payable	**94,632**	195,291
Accrued contracts costs	**915,066**	982,896
Advances received from customers	**1,009,367**	900,073
Other accrued expenses	**168,439**	188,620
Due to a related party	**46**	57
Other payables	**401,481**	396,836
	2,589,031	2,663,773

(a) Included in the amounts due to related parties are the following balances:

	2016	*2015*
	QR'000	*QR'000*
National Central Cooling Co P.J.S.S	45	57
Cool Tech Energy Water Treatment L.L.C	1	-
	46	57

26 ACCOUNTS AND OTHER PAYABLES (CONTINUED)

26.2 Accounts and other payables – long term

	2016 *QR'000*	*2015* *QR'000*
Master community reserve fund	**38,884**	26,650
Customer deposits	**49,460**	42,525
	88,344	69,175

27 RELATED PARTY DISCLOSURES

Related party transactions
Note 4 provides information about the Group structure including subsidiaries and associates. During the year, certain transactions have occurred with related parties on the same commercial basis and conditions as other non-related parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2016 *QR'000*	*2015* *QR'000*
Other related parties:		
Revenue	**5,265**	2,227
Associates:		
Management fee	**25**	38
Rent income	**3,553**	3,349

Amounts due from related parties are disclosed in Note 16.1 and 16.2 to these financial statements.

Compensation of key management personnel
The details of compensation and remuneration to key management personnel are as follows:

	2016 *QR'000*	*2015* *QR'000*
Short term benefits	**30,346**	24,118
Employees' end of service benefits	**3,034**	949
	33,380	25,067

The Group has provided for Directors' remuneration for the year 2016 amounting to QR 16,800 thousands (2015: QR 13,500 thousands) which is subject to the approval by the shareholders at the Annual General Meeting.

28 CONTINGENT LIABILITIES

	2016 *QR'000*	*2015* *QR'000*
Bank guarantees and bonds	**5,927**	8,191
Letters of credit	**964**	7,276

The Group anticipates that no material liability will arise from the above guarantees and letter of credits, which are issued in the ordinary course of business.

29 CAPITAL COMMITMENTS

	2016	*2015*
	QR'000	*QR'000*
Contractual commitments to contractors/suppliers	**626,622**	481,038

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Accounting policies for financial assets and liabilities are set out in Note 4.

Financial instruments comprise of cash and bank balances, time deposits, accounts receivable, other receivables, due from / to related parties and accounts and other payables.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its financial assets which consist principally of accounts receivable, amounts due from customers, advances to contractors, amounts due from related parties and bank balances. Accounts receivable, amounts due from customers and amounts due from related parties are shown net of provision for doubtful receivables and bank balances are held with reputed banks.

As at the reporting date, there were no significant concentrations of credit risk. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2016	*2015*
	QR'000	*QR'000*
Accounts and other receivables	**1,959,244**	925,748
Bank balances	**1,565,493**	2,276,891
	3,524,737	3,202,639

The maximum exposure to credit risk for accounts and other receivables at the reporting date by geographic region was equal to accounts receivable amount disclosed in the consolidated statement of financial position.

Included in the Group's receivables are customer balances which are past due but not impaired at the end of the reporting date (refer to Note 16) for which no allowance has been provided for as there was no significant change in the credit quality of the customers and the amounts are still considered recoverable.

Impairment losses

Except as disclosed in Note 16 to these consolidated financial statements, based on the management's assessment and historic default rates, the Group believes that no impairment allowance is necessary in respect of accounts receivable and amounts due from customers.

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk
The following are the contractual maturities of financial liabilities and the impact of netting agreements:

31 December 2016	***Carrying amount QR'000***	***Contractual cash flows QR'000***	***Less than 12 months QR'000***	***2- 5 years QR'000***	***More than 5 years QR'000***
Non-derivative financial liabilities					
Retention payable	**183,372**	**(183,372)**	**(165,827)**	**(17,545)**	**-**
Employees' end of service benefits	**34,795**	**(34,795)**	**-**	**-**	**(34,795)**
Accounts and other payables	**1,593,870**	**(1,593,870)**	**(1,593,870)**	**-**	**-**
Interest bearing loans and borrowings	**4,547,236**	**(4,547,236)**	**(1,245,125)**	**(2,487,781)**	**(814,330)**
	6,359,273	**(6,359,273)**	**(3,004,822)**	**(2,505,326)**	**(849,125)**

31 December 2015	*Carrying amount QR'000*	*Contractual cash flows QR'000*	*Less than 12 months QR'000*	*2- 5 years QR'000*	*More than 5 years QR'000*
Non-derivative financial liabilities					
Retention payable	273,912	(273,912)	(173,773)	(100,139)	-
Employees' end of service benefits	38,213	(38,213)	- -	-	(38,213)
Accounts and other payables	1,561,432	(1,561,432)	(1,492,257)	-	(69,175)
Interest bearing loans and borrowings	4,840,091	(4,840,091)	(1,377,014)	(2,647,489)	(815,588)
	6,713,648	(6,713,648)	(3,043,044)	(2,747,628)	(922,976)

Market risk
Interest rate risk
At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying Amount	
	2016 QR'000	*2015 QR'000*
Fixed and Variable rate instruments		
Time deposits	**1,275,767**	2,046,906
Term loans	**(4,547,236)**	(4,840,091)
	(3,271,469)	(2,793,185)

Sensitivity analysis
A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

Change in variable	***Impact on net profit QR'000***	***Impact on equity QR'000***
31 December 2016		
+100 basis points	**(45,472)**	**(45,472)**
-100 basis points	**45,472**	**45,472**
31 December 2015		
+100 basis points	(48,401)	(48,401)
-100 basis points	48,401	48,401

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. All time deposits are designated in Qatar Riyals. The Group's exposure towards currency risk is minimal as majority of the foreign currency financial assets and liabilities are denominated in currencies that have a fixed exchange rate with its functional currency.

Equity price risk
Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), where those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis
The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on the equity of the Group.

		Impact on equity	
	Changes in variables	***2016***	*2015*
		QR'000	*QR'000*
Qatar market	+10%	**277**	25,418
International markets	+10%	**8,367**	19,127
Qatar market	-10%	**(277)**	(25,418)
International markets	-10%	**(8,367)**	(19,127)

The method used for deriving sensitivity information and significant variables did not change from the previous period.

31 FAIR VALUES OF FINANCIAL INSTRUMENTS AND ASSETS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, available-for-sale financial assets and receivables. Financial liabilities consist of term loans, payables, and accrued expenses.

The fair values of financial instruments, with the exception of certain available-for-sale financial assets carried at cost, are not materially different from their carrying values.

Change in fair value recognised directly in equity:

	2016	*2015*
	QR'000	*QR'000*
Net change in fair value of available-for-sale financial assets	**(91,563)**	(57,230)

Fair values
Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments as at 31 December 2016 and 31 December 2015:

	Carrying amounts		*Fair values*	
	2016	*2015*	***2016***	*2015*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Financial assets				
Cash and cash equivalents	**1,565,883**	2,277,347	**1,565,883**	2,277,347
Accounts and other receivables	**2,633,502**	1,525,679	**2,633,502**	1,525,679
Available-for-sale financial assets	**90,444**	449,456	**90,444**	449,456
	4,289,829	4,252,482	**4,289,829**	4,252,482
Financial liabilities				
Accounts and other payables	**2,677,375**	2,732,948	**2,677,375**	2,732,948
Interest bearing loans and borrowings	**4,517,921**	4,806,691	**4,517,921**	4,806,691
Retention payable	**183,372**	273,912	**183,372**	273,912
	7,378,668	7,813,551	**7,378,668**	7,813,551

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 FAIR VALUES OF FINANCIAL INSTRUMENTS AND ASSETS (CONTINUED)

Financial Assets	Date of valuation	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*	*Total QR'000*
31 December 2016					
Available-for-sale financial assets	31 Dec 2016	86,444	-	-	86,444
Investment properties	31 Dec 2016	-	-	8,861,377	8,861,377
Property, plant and equipment	31 Dec 2011			907,344	907,344
		86,444	**-**	**9,768,721**	**9,855,165**
31 December 2015					
Available-for-sale financial assets	31 Dec 2015	445,456	-	-	445,456
Investment properties	31 Dec 2015	-	-	8,704,709	8,704,709
Property, plant and equipment	31 Dec 2011	-	-	1,597,295	1,597,295
		445,456	-	10,302,004	10,747,460

32 FINANCE INCOME AND EXPENSE

	2016 QR'000	*2015 QR'000*
Interest income on bank deposits	**36,876**	35,287
Dividend income on available-for-sale financial assets	**17,659**	20,252
Finance income	**54,535**	55,539
Interest expense on financial liabilities	**(123,008)**	(131,394)
Finance expense	**(123,008)**	(131,394)
Net finance expense	**(68,473)**	(75,855)

33 OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require separate business strategies. For each of the strategic business units, the Group reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

Urban development: This includes real estate development and constructions activities.

Hydrocarbon & energy: This includes production and sale of chemicals and hydrocarbon materials.

Hospitality & leisure: This includes investment and development of hotel, leisure facilities and selling of luxurious items.

Infrastructure & utilities: This includes construction and management of district cooling systems and marina activities.

Other operations include providing advertising and information technology solution services and insurance agency services. The accounting policies of the reportable segments are the same as described in note 4.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Geographical segments

The Group has not diversified its activities outside of the State of Qatar except for United Development Investment Company (established in Cayman Island) and Porto Arabia Retail Company 1 (established in Cayman Island). However these companies do not have any material operations outside Qatar and therefore majority of the Group assets are located in Qatar. Accordingly there are no distinctly identifiable geographical segments in the Group for the year ended 31 December 2016.

33 OPERATING SEGMENTS (CONTINUED)

	Urban Development		*Hydro Carbon & Energy*		*Hospitality & Leisure*		*Infrastructure & Utilities*		*Others*		*Total*	
	2016	*2015*	***2016***	*2015*	***2016***	*2015*	***2016***	*2015*	***2016***	*2015*	***2016***	*2015*
	QR'000	*QR'000*	***QR'000***	*QR'000*	***QR'000***	*QR'000*	***QR'000***	*QR'000*	***QR'000***	*QR'000*	***QR'000***	*QR'000*
External revenue	**1,799,156**	891,885	**-**	-	**39,035**	57,557	**346,317**	335,417	**206,265**	155,787	**2,390,773**	1,440,646
Inter segment revenue	**34,540**	32,892	**-**	-	**304**	262	**22,843**	39,154	**76,934**	72,898	**134,621**	145,206
Interest income	**31,024**	30,883	**-**	-	**809**	1,112	**3,052**	2,354	**1,991**	938	**36,876**	35,287
Interest expense	**110,763**	117,956	**-**	-	**-**	322	**12,245**	13,116	**-**	-	**123,008**	131,394
Depreciation	**52,156**	24,248	**-**	-	**4,428**	5,074	**43,600**	43,405	**1,808**	2,490	**101,992**	75,217
Profit/(loss) for the year	**482,183**	619,915	**-**	-	**(16,014)**	(7,997)	**122,643**	112,421	**98,811**	40,754	**687,623**	765,093
Share of profit of associates	**14,721**	15,263	**10,057**	8,462	**-**	-	**-**	-	**(28)**	(376)	**24,750**	23,349
Reportable segment assets	**16,296,579**	16,570,106	**-**	-	**102,376**	124,920	**1,815,944**	1,942,521	**192,000**	192,168	**18,406,899**	18,829,715
Investment in associates	**59,737**	53,013	**256,648**	254,506		-	**-**	-	**-**	1,081	**316,385**	308,600
Reportable segment liabilities	**6,386,422**	6,913,728	**-**	-	**12,189**	16,028	**916,091**	836,519	**98,761**	85,489	**7,413,463**	7,851,764

33 OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

Revenue	***2016*** ***QR'000***	*2015* *QR'000*
Total revenue for reportable segments	**2,525,394**	1,585,852
Elimination of inter-segment revenue	**(134,621)**	(145,206)
Consolidated revenue	**2,390,773**	1,440,646

Profit or loss	***2016*** ***QR'000***	*2015* *QR'000*
Total profit or loss for reportable segments	**687,623**	765,093
Elimination of inter-segment profits	**(31,511)**	(55,563)
Net share of results of associates	**24,750**	23,349
Consolidated profit for the year	**680,862**	732,879

Assets	***2016*** ***QR'000***	*2015* *QR'000*
Total assets for reportable segments	**18,406,899**	18,829,715
Investments in associates	**316,385**	308,600
Consolidated total assets	**18,723,284**	19,138,315

Liabilities	***2016*** ***QR'000***	*2015* *QR'000*
Total liabilities for reportable segments	**7,413,463**	7,851,764
Consolidated total liabilities	**7,413,463**	7,851,764

34 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the presentation in the current year's consolidated financial statements. However, such reclassifications did not have any effect on the net profit and equity of the comparative year.